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## Mexico

### Agricultural Situation

#### Weekly Highlights and Hot Bites, Issue #4

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**Report Highlights:**

- ENVIRONMENTALISTS DENOUNCE PATENTING OF GENES
- ETHANOL PROGRAM AIMED AT DIVERSIFYING SUGAR USE
- SERIOUS CONSTRAINTS TO RURAL FINANCE SECTOR
- FINANCING AND SUBSIDIES
- MEXICO'S AGRICULTURAL PRODUCTION INCREASED
- INAUGURATION OF EXPO AGRO SINALOA 2006

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1]  
[MX]

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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### ENVIRONMENTALISTS DENOUNCE PATENTING OF GENES

Scientific and environmentalists groups accused two transnational companies of "appropriating" genes from Mexico's native species. Graciano Calva, of the National Polytechnic Institute Center for Research and Advanced Studies, complained that DuPont Chemical has filed a U.S. patent for genetically improved vanilla and jalapeno chili genes that were originally found in Mexico. The company is now requiring royalty payments from researches wishing to study those genes. "This problem began in Europe and the United States when they allowed the patenting of live beings, these are "monster" companies that forced through legislation to serve their own needs" Calva declared. (Source: Reforma: 01/26/2006)

### ETHANOL PROGRAM AIMED AT DIVERSIFYING SUGAR USE

At the opening ceremony of the National Convention for Canacintra (National Chamber for the Transformation Industries), the Secretary of Economy, Sergio Garcia de Alba, announced that by February it will launch a Competitiveness Program for the Sugar Industry that is intended to diversify the use of cane sugar, and to promote the use of bioenergy. Two ethanol plants will be constructed as part of the program. Secretary Garcia de Alba indicated that the federal government, sugar cane workers, industry, and state governments will jointly fund the project. Garcia de Alba also warned that it is important to be prepared for the opening of the sugar sector in 2008, and disclosed that the federal government is requesting that the United States initiate a dispute resolution panel under NAFTA to resolve the Mexico-U.S. sugar trade problems. (Source: Reforma, El Financiero 01/24/06)

### SERIOUS CONSTRAINTS TO RURAL FINANCE SECTOR

At a recent symposium entitled "Microfinance in Mexico", held at the Center for Economic Research and Teaching (CIDE), researchers concluded that the financial services available to rural Mexicans are so primitive that they resemble those available in Central American countries 15 years ago. The main culprit for the undeveloped rural finance sector is the excessive bureaucracy and growing presence of government supports to the sector. Claudio Gonzalez-Vega, director of the rural finance program at the Ohio State University, explained that credit, insurance, and financial consulting services in rural Mexico fail because of the excess of government support programs. "The problem is not the shortage of programs, but the excess of them. When the next presidential administration comes into power there will

be even more. These are support programs, not finance programs, which makes them very expensive, difficult to fund, and do not lend themselves to profitability," Gonzalez said. (Source: Reforma; 01/27/2006)

## **FINANCING AND SUBSIDIES**

While researchers expressed that the excess of subsidies granted to the rural sector could hamper the development of investment and financing services, the production sector was displeased with what it considered insufficient monetary resources for 2006.

During the "Microfinance in Mexico" workshop, Jaime Yesaki, leader of the National Agricultural Council, expressed his concerns about the 2006 budget reductions. He cited that the "Alianza para el Campo" program was cut by \$1.9 million pesos, and the "Infrastructure Hydro-agricultural" program budget was reduced by \$2.4 million pesos. In response, U.S. Agency for International Development representative, Fernando Fernandez, explained that it is necessary to support rural society through financing mechanisms that are different than those which use government resources, with the objective of promoting sustainable private financial institutions. (Source: Reforma; 01/27/2006)

## **MEXICO'S AGRICULTURAL PRODUCTION INCREASED**

The Mexico Agricultural Statistical Service (SIAP) stated that production of basic grains – corn, dry beans, wheat, and rice - has increased by 14.8 percent during the first 5 years of the Fox administration. During the same period of time, oilseed production has increased 45.2 percent, from 428,000 MT in 2001, to 609,000 MT in 2004. The forecast for 2005 is 526,600 MT. SIAP also stated that the agricultural production registered a global increase of 12.1 percent in the last 5 years. (Source: SAGARPA on line; 01/22/2006)

## **INAUGURATION OF EXPO AGRO SINALOA 2006**

On January 25, Secretary of Agriculture, Francisco Mayorga, along with the Governor of Sinaloa and several Congressmen, inaugurated the XVI Expo-Agro Sinaloa 2006, one the largest agricultural exhibits of Latin America. Expo-Agro Sinaloa boasts participation of more than 60 companies from 30 countries throughout Latin America, Asia, and Europe. The Netherlands, China, and Costa Rica will participate for the first time this year. Secretary Mayorga pointed out that such forums make it possible to share new technology and exchange expertise with specialists from other countries. (Source: SAGARPA bulletin 023/05, Janury 2006)

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